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13

14 **IN THE UNITED STATES DISTRICT COURT**  
15 **CENTRAL DISTRICT OF CALIFORNIA**  
16

17  
18 **SECURITIES AND EXCHANGE**  
19 **COMMISSION,**

20 **PLAINTIFF,**

21 v.

22 **ERIC J. "EJ" DALIUS, an individual,**

23 **RYAN MORGAN EVANS, an individual,**

24 **PROFESSIONAL REALTY**  
25 **ENTERPRISES, INC., a Corporation,**

26 **SAIVIAN LLC, a Limited Liability**  
27 **Company,**  
28

Case No. 2:18-cv-08497-CJC-E

**AMENDED COMPLAINT**

**JURY TRIAL REQUESTED**

1 **SAVINGS NETWORK APP LLC**, a  
2 Limited Liability Company,

3 **SAVING NETWORK APP LIMITED**, a  
4 Limited Company,

5 **SAIVIAN INTERNATIONAL**  
6 **LIMITED**, a Limited Company,

7 **SAIVIAN INT LIMITED**, a Private  
8 Company, and

9 **REALTY SHARE NETWORK LLC**, a  
10 Limited Liability Company.

11 **DEFENDANTS.**

12  
13 **MB HOMES LLC**, a Limited Liability  
14 Company,

15 **NYC HOMES LLC**, a Limited Liability  
16 Company,

17 **1300 HIGHLAND UNIT 111 LLC**, a  
18 Limited Liability Company,

19 **1300 HIGHLAND UNIT 112 LLC**, a  
20 Limited Liability Company,

21 **1300 HIGHLAND UNIT 211 LLC**, a  
22 Limited Liability Company, and

23 **1300 HIGHLAND UNIT 212 LLC**, a  
24 Limited Liability Company.

25 **RELIEF DEFENDANTS.**

1                   **COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF**

2           Plaintiff, Securities and Exchange Commission (the “Commission”), alleges:

3                   **JURISDICTION AND VENUE**

4           1.       This Court has subject matter jurisdiction by authority of Sections 20  
5 and 22 of the Securities Act [15 U.S.C. §§ 77t and 77v] and Sections 21 and  
6 Section 27 of the Exchange Act [15 U.S.C. §§ 78u and 78aa] because Defendants,  
7 directly and indirectly, singly and in concert, have made use of the means and  
8 instrumentalities of interstate commerce and the mails in connection with the offer  
9 and sale of securities and the acts and courses of business alleged herein.

10          2.       Venue for this action is proper in the Central District of California  
11 under Section 22(a) of the Securities Act [15 U.S.C. § 77v(a)] and under Section 27  
12 of the Exchange Act [15 U.S.C. § 78aa] because certain of the transactions, acts,  
13 practices and courses of business alleged in this Complaint, including, but not  
14 limited to, the offers and sales of securities, took place in this district.

15                   **INTRODUCTION**

16          3.       The case seeks injunctive and other relief to enjoin a multi-million  
17 dollar Ponzi and pyramid scheme and offering fraud operated by Defendants under  
18 the general offering name “Saivian” that targeted investors in the United States and  
19 around the world.

20          4.       The Corporate Defendants, Professional Realty Enterprises, Inc.,  
21 Saivian LLC, Savings Network App LLC, Saving Network App Limited, Saivian  
22 International Limited, Saivian INT Limited, and Realty Share Network LLC, are  
23 seven connected entities based in the United States, Hong Kong and the United  
24 Kingdom that collectively operated under the business name “Saivian.” An  
25 individual defendant, Eric J. “EJ” Dalius, controlled Saivian and each of its entities  
26 and personally reaped substantial sums from Saivian investors. Additional  
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1 individual defendant, Ryan Morgan Evans, took actions which furthered the Saivian  
2 scheme, from which he too substantially profited.

3 5. Billed as a successful company harvesting big data from point-of-sale  
4 (“POS”) receipts that provided cashback benefits and multi-level marketing income  
5 to its members, Saivian, in reality, was a Ponzi and pyramid scheme. Beginning on  
6 October 26, 2015 and continuing through at least September 2017, Defendant  
7 Dalius solicited persons in the United States and around the world to purchase  
8 “Cashback Memberships” with Saivian. Beginning about January 2016 and  
9 through about September 2017, Defendant Evans also solicited investors to  
10 purchase Cashback Memberships. The Memberships, which cost \$125 every 28  
11 calendar days, offered 20% cashback on Cashback Members’ shopping purchases  
12 in exchange for submission of their POS receipts for those purchases to Saivian.

13 6. Defendants employed shifting explanations for how Saivian funded the  
14 promised cashback. Initially, Defendants explained that the revenue to satisfy its  
15 cashback obligation was generated from the sale of Cashback Members’ POS  
16 receipts to third parties who purchased either the receipts themselves or the data  
17 embedded in the receipts (“marketing partners” or “advertising partners”). Later,  
18 Defendants explained that the funds to pay the 20% cashback also was provided by  
19 merchants who purchased a different Saivian membership that enabled them to  
20 advertise on Saivian’s website and/or mobile application (the “MAP Program”).

21 7. Both of these explanations were false. Contrary to their claims,  
22 Saivian did not generate any revenue from the sale of POS receipts. In fact, Saivian  
23 never had any marketing partners (or advertising partners) and never made any  
24 serious efforts to sell or otherwise monetize the data in its Cashback Members’  
25 POS receipts. Moreover, while membership payments from the MAP Program  
26 contributed some revenue to the enterprise— less than a hundred thousand  
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1 dollars— it was nowhere near sufficient to fund the cashback payments that Saivian  
2 promised or made to its Cashback Members.

3 8. Instead, Saivian’s revenue was generated almost exclusively from  
4 membership sales to Cashback Members themselves. Like a classic Ponzi scheme,  
5 Saivian satisfied promised returns to some investors—in the form of 20% cashback  
6 on shopping purchases—through the investments of other investors rather than any  
7 underlying, legitimate, commercial activity.

8 9. Saivian was also a pyramid scheme that required the constant influx of  
9 new investors to remain solvent. In order to keep the scheme afloat, Defendants  
10 urged Cashback Members to become “Affiliates” and sell Saivian Cashback  
11 Memberships to others, which Defendants claimed would provide the Affiliates  
12 with substantial financial benefits. Between October 26, 2015 and September 1,  
13 2017, Corporate Defendants and Dalius raised millions of dollars from Cashback  
14 Members in the United States and abroad. Most of this was misappropriated by  
15 Dalius to support his and his family’s lavish lifestyle.

16 10. As a result of their conduct, Defendants violated Sections 17(a) of the  
17 Securities Act of 1933 (“Securities Act”) and Section 10(b) of the Securities  
18 Exchange Act of 1934 (“Exchange Act”), and Rule 10b-5 thereunder, and the  
19 registration provisions of Sections 5(a) and 5(c) of the Securities Act. Defendant  
20 Dalius is liable for these violations directly and as a control person under Section  
21 20(a) of the Exchange Act.

22 11. In order to prevent additional fraudulent activity, to prevent further  
23 dissipation of investors’ funds, and to recover fraudulently obtain funds, the  
24 Commission seeks a civil injunctive order against Defendants against further  
25 violations of the federal securities laws, as well as disgorgement, prejudgment  
26 interest and civil penalties from Defendants.

**DEFENDANTS**

12. **Eric J. “EJ” Dalius** (“Dalius”), age 48, is a United States citizen who owns residences in New York, California, Florida and Pennsylvania. Dalius is the founder, sole shareholder and sole director of Defendants Professional Realty Enterprises, Saving Network App Limited, Saivian International Limited, and Saivian INT Limited. Dalius was indicted in the Eastern District of Pennsylvania in January 2000 on mail fraud, wire fraud, and conspiracy charges in connection with a long distance phone card scam. *United States v. Dalius*, 2:00-cr-00026-FVA-I (E.D. Pa). He pleaded guilty to a conspiracy charge and was sentenced to 12 months and 2 days imprisonment, 3 years of supervised release, and restitution.

13. **Ryan Morgan Evans** (“Evans”), age 35, is a United States citizen who lives in San Jose, California. Between approximately January 2016 and October 2016, Evans was a Saivian Cashback Member and Affiliate. From or around October 21, 2016, Evans held himself out as the Operations Director of Saivian International Limited. From or around June 8, 2017, through on or around September 1, 2017, Evans held himself out as Vice President of Marketing for Saivian International Limited. Pursuant to an understanding between Evans and Dalius, Evans was compensated as Operations Director at a rate of \$.50 for every new Cashback Membership sale paid directly to Saivian. As Vice President of Marketing, Evans was compensated by Dalius at a rate of \$20,000 per month.

14. **Professional Reality Enterprises** (“PRE”) is a Pennsylvania corporation that was registered to do business on January 2, 2003. PRE’s registered office address is 51 Bushkill Court, Reading Pennsylvania 19606. PRE registered a website located at [www.saivian.net](http://www.saivian.net) that promoted the scheme and served as the gateway for Saivian Cashback Members and Affiliates to manage their accounts. PRE maintained bank accounts in the United States that were used to receive and transfer funds from Saivian investors located in the United States and around the

1 world. Dalius was the authorized signatory for these accounts. PRE is not  
2 registered with the SEC, and has not registered any offering or class of its securities  
3 with the SEC.

4 15. **Saivian LLC** is a Delaware limited liability company that was  
5 registered to do business on November 2, 2015 by Dalius through Worldwide  
6 Incorporators Ltd. Saivian LLC is wholly owned by PRE. Saivian LLC's  
7 registered office address is 58 Linree Avenue, Reading, Pennsylvania, 19606.  
8 Saivian LLC maintained bank accounts in the United States that were used to  
9 receive and transfer funds from Saivian investors located in the United States and  
10 around the world. Dalius was the authorized signatory for these accounts. Saivian  
11 LLC is not registered with the SEC, and has not registered any offering or class of  
12 its securities with the SEC.

13 16. **Savings Network App LLC** ("Savings Network App") is a Delaware  
14 limited liability company that was registered to do business on April 20, 2016 by  
15 Dalius. Savings Network App is wholly owned by PRE. Savings Network App's  
16 registered office address is c/o Worldwide Incorporators LTD, as Statutory Agent,  
17 Rodney Building, 3411 Silverside Rd., Ste 104, Wilmington, DE 19810. Savings  
18 Network App maintained bank accounts in the United States that were used to  
19 receive and transfer funds from Saivian investors located in the United States and  
20 around the world. Dalius was the authorized signatory for these accounts. Savings  
21 Network App LLC is not registered with the SEC, and has not registered any  
22 offering or class of its securities with the SEC.

23 17. **Saving Network App Limited** is a limited company that was  
24 registered to do business in Hong Kong on May 12, 2016. Saving Network App  
25 Limited is wholly owned by Dalius. Savings Network App Limited's registered  
26 office address is Room 1217, 12/F, International Commerce Center, 1 Austin Road  
27 West, Kowloon, Hong Kong. Dalius, on behalf of Saving Network App Limited,  
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1 entered into a contract in California related to the design and production of the  
2 Saivian mobile application. Saving Network App Limited is not registered with the  
3 SEC, and has not registered any offering or class of its securities with the SEC.

4 18. **Saivian International Limited (“Saivian International”)** is a limited  
5 company that was registered to do business in Hong Kong on October 4, 2016.  
6 Saivian International is owned entirely by Dalius. Saivian International’s registered  
7 office address is Room 1505, 15/F., Yu Sung Boon Building, 107-111 Des Voeux  
8 Road Central, Hong Kong. Dalius, on behalf of Saivian International, entered into  
9 a contract in California with a software and website developer related to the  
10 maintenance of the database containing all of Saivian’s Membership and Affiliate  
11 records. Saivian International Limited is not registered with the SEC, and has not  
12 registered any offering or class of its securities with the SEC.

13 19. **Saivian INT Limited (“Saivian INT”)** is a private United Kingdom  
14 company established on June 1, 2017. Saivian INT is owned entirely by Dalius.  
15 Saivian INT is not registered with the SEC, and has not registered any offering or  
16 class of its securities with the SEC.

17 20. **Realty Share Network LLC (“Realty Share”)** is a Delaware limited  
18 liability company that was registered to do business on October 2, 2015. Realty  
19 Share is wholly owned by PRE. Realty Share’s registered office address is c/o  
20 Worldwide Incorporators LTD., as Statutory Agent, Rodney Building, 3411  
21 Silverside Rd., Ste 104, Wilmington, DE 19810. Realty Share maintained a bank  
22 account in the United States that was used to receive and transfer funds from  
23 Saivian investors located in the United States. Dalius was the authorized signatory  
24 for this account.

### 25 **RELIEF DEFENDANTS**

26 21. **MB Homes LLC** is a Nevada limited liability company established on  
27 January 9, 2017. Its registered office address is c/o Burnett & Associates, Inc.,  
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1 9441 Double Diamond Pkwy, STE 11, Reno, NV 89521. The company is owned  
2 and/or controlled by Defendant Eric Dalius. MB Homes LLC is the owner of  
3 certain real property in California that was purchased with proceeds from the  
4 Saivian scheme. It did not exchange anything of equivalent value for the funds it  
5 received from the Saivian scheme.

6 22. **NYC Homes LLC** is a Delaware limited liability company established  
7 on September 26, 2017. Its registered office address is c/o Corporation Service  
8 Company, 251 Little Falls Drive, Wilmington, DE 19808. The company is owned  
9 and/or controlled by Eric Dalius and Kimberly A. Dalius (the wife of Defendant  
10 Dalius) and is the owner of certain real property in New York that was purchased  
11 with proceeds from the Saivian scheme. It did not exchange anything of equivalent  
12 value for the funds it received from the Saivian scheme.

13 23. **1300 Highland Unit 111 LLC** is a Nevada limited liability company  
14 established on July 25, 2017. Its registered office address is Burnett & Associates,  
15 Inc., 9441 Double Diamond Pkwy, STE 11, Reno, NV 89521. The company is  
16 owned and/or controlled by Eric Dalius. 1300 Highland Unit 111 LLC is the owner  
17 of certain real property in California that was purchased with proceeds from the  
18 Saivian scheme. It did not exchange anything of equivalent value for the funds it  
19 received from the Saivian scheme.

20 24. **1300 Highland Unit 112 LLC** is a Nevada limited liability company  
21 established on July 25, 2017. The company is owned and/or controlled by Eric  
22 Dalius. Its registered office address is Burnett & Associates, Inc., 9441 Double  
23 Diamond Pkwy, STE 11, Reno, NV 89521. 1300 Highland Unit 112 LLC is the  
24 owner of certain real property in California that was purchased with proceeds from  
25 the Saivian scheme. It did not exchange anything of equivalent value for the funds  
26 it received from the Saivian scheme.



1 Corporate Defendants which were the entities through which the scheme was  
2 executed.

3 29. He was the sole signatory of all agreements with third parties on behalf  
4 of Saivian and the Corporate Defendants. He established and was sole signatory on  
5 all Saivian related Corporate Defendant bank accounts. He established and  
6 controlled digital asset (including Bitcoin) accounts through which Saivian-related  
7 transactions occurred. He registered the Saivian-related website domains and  
8 controlled all content that appeared on the sites. He personally made misstatements  
9 to investors concerning the Saivian scheme. He wrote and approved scripts for  
10 others to use in soliciting potential investors, including statements made at  
11 teleconferences, webinars, live events and recorded on video and posted to  
12 Saivian's website, YouTube and other publicly-available sites on the internet.

13 **A. Saivian's Cashback Membership Program was a Ponzi Scheme**

14 30. Saivian promised its investors that Cashback Members were entitled to  
15 obtain 20% cashback on their retail purchases (subject to a host of rules and  
16 restrictions). The Membership cost \$125 every 28 calendar days. In order to obtain  
17 the 20% cashback, Cashback Members were required to maintain an active  
18 Membership and submit their POS receipts to Saivian. The cashback payments to  
19 Cashback Members were on a sixty day delay from when POS receipts were  
20 submitted. Cashback Members had to continue their Memberships during this  
21 entire period in order to remain eligible to receive payments. Cashback Members'  
22 investments were pooled together and their expectation of profit was dependent on  
23 Saivian. As a result, a Saivian Membership was an "investment contract" within  
24 the meaning of the federal securities laws.

25 31. Dalius and Saivian promoted the Cashback Membership program  
26 through publicly available websites, recorded videos available on YouTube and  
27 other publically available internet sites, webinars, conference calls, social media  
28

1 posts, and live events. Evans promoted the Cashback Membership program in  
2 similar fashion, and at least through webinars, conference calls, social media posts  
3 and live events.

4 32. Dalius and Saivian concocted vague, inconsistent, and ultimately false  
5 explanations for how it derived the funds necessary to pay the cashback that it  
6 promised. In addition to Dalius and Saivian, Evans also made these misleading and  
7 false explanations to investors. The revenue that Saivian used to fund the cashback  
8 payments to its Cashback Members were purportedly derived from two sources.  
9 Initially, Dalius, Evans, and Saivian claimed that it worked with third parties to  
10 whom it sold either the POS receipts that Cashback Members submitted or the data  
11 embedded in the receipts. These third parties were called “marketing partners” or  
12 “advertising partners” and were purposely never identified to investors.

13 33. Beginning in or around July 2016, Dalius, Evans, and Saivian claimed  
14 that Saivian also obtained revenue to fund the cashback payments from merchants  
15 who purchased a membership in a separate Saivian program, the Merchant  
16 Advertising Platform (“MAP”).

17 34. Under this MAP Program, merchants who made a \$125 membership  
18 payment every 28 days were listed on the Saivian website and mobile app and  
19 could offer the 20% cashback to certain Saivian Cashback Members for purchases  
20 at the merchant’s business. Merchants participating in the MAP Program (“MAP  
21 Members”) did not have access to the POS receipt data collected by Saivian, and  
22 had no ability to target their advertising based on the POS receipt data that Saivian  
23 claimed to be marketing.

24 35. Dalius, Evans, and Saivian’s claims about the sources of its revenue  
25 were false and misleading. Saivian never generated any revenue from the sale of  
26 POS receipt data to marketing partners (or advertising partners). Saivian did not  
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1 have these partners, nor the means to convert the POS receipts submitted by its  
2 Cashback Members from their raw form into marketable data.

3 36. Dalius, Evans, and Saivian's claims concerning the MAP Program  
4 funding the Cashback Program were also false. That program, which was launched  
5 more than eight months after the Cashback Membership, was never close to  
6 generating sufficient revenues to fund cashback payments. Saivian earned less than  
7 a hundred thousand dollars through the sale of MAP Memberships.

8 37. In order to limit the amount of cash paid to Cashback Members,  
9 Saivian encouraged Cashback Members to redeem their compensation from the  
10 scheme in the form of Saivian "passes." A "pass" was an electronic code that could  
11 be entered on the Saivian website to activate or renew a Membership. Cashback  
12 Members who received these "passes" could use them to renew their own  
13 Memberships or sell them to a prospective Saivian investor for cash.

14 38. Saivian instituted arbitrary policies to make it more advantageous for  
15 Cashback Members to redeem their rewards in passes as opposed to cash. For  
16 example, Saivian would require a Cashback Member to wait 30 days between cash  
17 redemption requests, but not require similar wait times before honoring requests for  
18 pass redemptions. This was done to lull the investors into continuing their  
19 investments with Saivian.

20 39. Beyond encouragement, Saivian Cashback Members were required to  
21 redeem their compensation in the form of passes for significant periods of time  
22 during the course of the scheme because Saivian purportedly lacked the ability to  
23 distribute payments to its Members. Explaining this requirement, Evans told a  
24 Cashback Member, for example, on May 10, 2017, that "Cash back in the form of  
25 passes is the only way International markets have been receiving them for over a  
26 year now." During these significant periods of time, the only means for a Cashback  
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1 Member to obtain the compensation promised by the Membership was to recruit  
2 other participants into the program by selling them the passes.

3 **B. Saivian's Affiliate Program was a Pyramid Scheme**

4 40. Dalius, Evans, and Saivian claimed to mirror the activity of legitimate  
5 multi-level marketing ("MLM") companies, implying that Saivian was focused on  
6 the sale of products (in this case, Cashback Memberships) to non-Affiliates.  
7 However, much of its promotional content was devoted to inspiring its Cashback  
8 Members to become Affiliates and build their careers by selling Saivian  
9 memberships to others. Defendants promised Affiliates that once they qualified for  
10 commission income by personally recruiting three Members (Cashback or MAP),  
11 they would receive a daily residual income stream based on their membership  
12 sales—both directly and indirectly through their "downline" recruits.

13 41. The promised residual income to Affiliates ranged from \$5 per day for  
14 recruiting and maintaining three active, paying Members up to \$3,000 per day (or  
15 \$1,095,000 annually) for recruiting 8,000 active Members.

16 42. As long as three Members remained active, the Affiliate was entitled  
17 to \$5 per day or \$1,825 annually. Because this Affiliate compensation exceeded the  
18 \$125 Cashback Membership fee due every 28 days, Saivian advertised this level of  
19 the Affiliate Program as "bring 3 and it's better than FREE!" and encouraged  
20 Cashback Members to recruit at least three new Members as soon as possible.  
21 Beyond this level, the Affiliate Program ranks generally progressed based on the  
22 number of active Members "below" the Affiliate in his/her "downline."

23 43. The amount of an Affiliate's residual income was not connected in any  
24 way to whether his or her downstream members submitted POS receipts to Saivian.

25 44. Dalius, Evans, and Saivian represented the Affiliate program to be a  
26 life changing entrepreneurial opportunity and a way to achieve significant income  
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1 in a short period of time. They repeatedly touted that selling Memberships to  
2 others required little effort on the part of the Affiliates.

3 45. For example:

4 (a) Saivian advertised that an Affiliate could generate a substantial  
5 profit through recruiting teams of Affiliates and “Earn More Money with Less  
6 People.” Saivian promised its Affiliates that “You can generate a SIX-FIGURE  
7 INCOME with a [sic] few as 750 Team Memberships that you can generate from  
8 just two sales teams using our FLEX-BUILD SYSTEM.”

9 (b) At a Saivian International Conference in March 2017, Evans and  
10 Dalius jointly claimed that more than twenty Affiliates were at that time making  
11 more than a million dollars a year.

12 (c) In a video posted to Saivian’s Facebook group page on May 12,  
13 2017, Dalius made multiple claims to the effect that the Affiliate program had  
14 “created nearly 60 millionaires . . . in the last 18 months.”

15 46. These and other such statements were false, or at the very least,  
16 materially misleading. In fact, no Affiliate generated more than \$100,000 in  
17 commission income paid by Saivian in cash during the entirety of the scheme.

18 47. Most of Saivian’s communications with its Members—through live  
19 events, conference calls, and videos posted on the YouTube and various social  
20 media sites—were exhortations to sell Saivian Memberships, employing generic  
21 motivational content about building one’s own business and acquiring great wealth.

22 48. As the program was initially designed and implemented, Affiliates  
23 were required to maintain an active Cashback Membership in order to remain  
24 eligible to receive payments for recruiting Affiliates to Saivian. Thus, Affiliates  
25 were required to pay the Cashback Membership fee of \$125 every 28 days in  
26 exchange for the right to sell Saivian’s Cashback and MAP Membership products.



1           49. On or about February 13, 2017, Saivian announced a change to its  
2       signup process that allowed individuals to sign-up to participate as Affiliates in the  
3       program without purchasing a Cashback Membership (“Affiliate Only”).  
4       Nonetheless, individuals who registered for the Saivian opportunity as Affiliate  
5       Only were still required to pay a fee of \$130 for the right to sell the Saivian  
6       Cashback Membership product.

7           50. Saivian Affiliates were also required to redeem their compensation in  
8       the form of passes for significant periods of time during the course of the scheme  
9       because Saivian purportedly lacked the ability to distribute commission payments  
10      to them in cash. For example, Saivian paid no recruiting commissions in cash  
11      between the date that the “Affiliate Only” signup option was announced, February  
12      13, 2017, and April 27, 2017 – and even then, the commission cash payout option  
13      was limited to high ranking Affiliates who were permitted to apply for a Saivian  
14      branded debit card. Thus, Affiliates were required to use the compensation owed to  
15      them by Saivian to purchase additional product (in the form of Saivian’s Cashback  
16      Memberships) that had to be resold to new investors.

17          51. Saivian also sponsored numerous “Promotions” for its Affiliates that  
18      augmented the promised benefits of the compensation plan and placed a premium  
19      on recruiting large teams. For example, from May 12-31, 2017, Saivian ran its  
20      “Million Member Promotion” which offered its certain high ranking Affiliates a  
21      share of a bonus pool when any Affiliate in their sales team downline “ranked up”  
22      to a new level on the Affiliate compensation chart based on their own recruiting  
23      efforts and those of their downline recruits. As Dalius explained in a May 12, 2017  
24      video posted to the Saivian Facebook group announcing the program:

25           When you have a Founder go ahead in your line of sponsorship -- now listen  
26           to me carefully – whether you personally sponsored them or not -- okay now  
27           – now the bonuses got real big, okay? It's not just based on your personally  
28           sponsored, but it's their sponsor and their sponsor and their sponsor and there  
          are no levels. It's to infinity. And very exciting, very powerful. So now



1 listen. When a Founder go ahead and happens you're going to receive a  
 2 \$10.00 bonus, okay? When a VIP occurs, you're going to receive a \$30.00  
 3 bonus and when you have an Elite it's a \$60.00 bonus, okay? Folks, if you're  
 4 a One Star and you have a Founder in your group in your line of sponsorship,  
 5 you deserve a \$10.00 bonus. And when that Founder becomes a VIP you  
 6 earn another 30. And when they become an Elite, you earn another 60.  
 7 That's a total of how much? \$100.00.

8 52. Dalius promised that the bonus potential increased exponentially as an  
 9 Affiliate reached the highest levels of the compensation plan:

10 You see as a Five Star you have to have a team of what, 750, right? As a  
 11 Presidential Ambassador . . . you had a team of 1,000 and so what that  
 12 represents is what we call the 10x power. You see as a Presidential -- an  
 13 Ambassador you've got up to ten times more affiliates underneath you that  
 14 are achieving Founder, VIPs and Elites. That means you have ten times or  
 15 up to ten times of earning potential, the earning opportunity during this  
 16 promotional period. So you want to get an ambassador sooner versus later,  
 17 absolutely.

18 53. Cashback Members' investments were pooled together by Dalius and  
 19 Saivian to make Affiliate and Affiliate bonus compensation payments (as well as  
 20 cashback payments). Affiliates' expectation of profit, therefore, was dependent on  
 21 Saivian being a profitable endeavor. As a result, the Affiliate payment portion of  
 22 Saivian was an "investment contract" under the federal securities laws.

23 54. Any prospective Saivian investor would have wanted to know that the  
 24 Saivian business model was a Ponzi and/or pyramid scheme.

25 55. Any prospective Saivian investor would have wanted to know that the  
 26 Saivian business model was unsustainable and could never deliver on the income  
 27 claims that Dalius and other promoters promised for the vast majority of  
 28 participants.

## 29 **II. Dalius, Evans, PRE, Saivian LLC and Saivian International Made** 30 **Materially False Representations in Furtherance of the Illegal** 31 **Saivian Scheme**

32 56. Dalius, Evans, PRE, Saivian LLC and Saivian International  
 33 repeatedly and falsely represented that Saivian generated the revenue for cashback

1 payments from the sale of Cashback Members' POS receipts to marketing partners  
 2 (and advertising partners), or monetized the POS receipt data to sell targeted  
 3 advertising. Dalius, Evans, PRE, Saivian LLC and Saivian International claimed  
 4 this was the same way that Facebook and Google leverage the consumer preference  
 5 data of their users to sell targeted advertising on their websites. Dalius, Evans, PRE,  
 6 Saivian LLC and Saivian International also repeatedly and falsely represented that  
 7 the revenue for cashback payments came from the MAP Program. Typical  
 8 examples of the Defendants' repeated and false representations now follow.

9  
 10 **A. Dalius, Evans, PRE, Saivian LLC and Saivian International**  
 11 **Misrepresented That Cash Back Payments Were Funded by**  
 12 **the Sale of POS Receipts or Data to Third Parties**

13 57. In an October 26, 2015 conference call announcing the pre-launch of  
 14 Saivian, Dalius told the participants:

15 All this registration and recording process allows the company to collect the  
 16 data for the marketing partners. . . . [B]ased on the data of the purchasing  
 17 pattern, the marketing partners can make a decision in regards to what level  
 18 of advertising they're going to purchase with the company. . . . [T]he goal of  
 19 the advertising revenue is to help subsidize the cashback model to our  
 20 members. Folks, this concept of generating revenue through the advertising  
 21 based on their members' interests, well guess what, that's similar to a billion  
 22 dollar brand that we all know called Facebook. . . . They're collecting all of  
 23 the data from all of the members' interests, all of the things that we like, and  
 24 they sell it to their advertisers and make billions of dollars a year. And so  
 25 instead of just keeping it all for themselves, here comes along this company  
 26 taking that revolutionary concept and now sharing it with the masses.

27 58. On a January 22, 2016 recorded phone call with a prospective investor,  
 28 Dalius said:

Here is what Saivian does: they make that data available to the marketing  
 partners, okay? And their marketing partners then can spend money on  
 advertising. But here's the deal – instead of the corporation, Saivian,  
 keeping all of the money like Facebook does . . . they take that money and  
 funnel it back in form of 20% cashback shopping to their members.

1           59. On the same January 22, 2016 conference, Dalius also represented:

2           If you understand what I just shared with you about Facebook -- which they  
3           already do -- then you are going to understand exactly how Saivian makes  
4           their money in a big way. . . Here is what we do: with Saivian, instead of  
5           collecting 'likes' and 'interests' what are we doing? We are collecting what  
6           they call 'POS' point of sale data from our members, right? Cause our  
7           members are entering in where they are shopping, how much they are  
8           spending, and how often they are going, okay? And so they're getting all of  
9           this information -- and, now point of sale data is about 10 to 100 times more  
10          valuable than likes and interests. And everyone agrees with that. Makes  
11          sense, right?

12          60. Beginning at least as early as February 3, 2016, Saivian's website  
13          (www.saivian.net), in content drafted by Dalius, publicly proclaimed:

14               The math is simple, keeping your Retail Shopping Membership active is  
15               almost like DOUBLING your money in value every year; by easily  
16               continuing to do something you always have and will continue to do in  
17               the future. The registration and recording process allows us to collect the  
18               data necessary for our marketing partners. Then, based on the data of the  
19               purchasing patterns, the marketing partners can make a determined  
20               decision regarding what monetary level, medium, and location of  
21               advertising to purchase. The goal of the advertising revenue is to help  
22               subsidize the cash back model to our active members. Generating  
23               revenue through advertising based on their members' interests is similar  
24               to how billion dollar brands like Facebook and Twitter work.

25          61. On an August 28, 2016 video posted to the official Saivian YouTube  
26          page, a top Saivian Affiliate answered a question about how Saivian was able to  
27          pay Cashback benefits by stating:

28               We're selling these receipts okay? We have marketing partners that are  
29               buying the receipt information because they want to know [about real  
30               consumer behavior]. We've got to know what people are actually buying  
31               so we can market the right things to them, okay? That's the second way,  
32               each of these receipts is being bought at a fixed price. . . . The residual  
33               income—all that stuff—is being paid by advertising dollars and not from  
34               the \$125 that is coming in. That's what you need to explain to people,  
35               and if you do that they are going to see that this is not a pyramid scheme.

1           62. On a December 28, 2016 Saivian webinar posted to the official Saivian  
2 YouTube page, in response to a question about “the advertisers that are buying our  
3 receipts” Evans stated:

4           We have three vendors right now. I’m not going to release their names,  
5 because they’re mine. They are – they’re my personal contacts, as well as,  
6 you know, EJ, his personal contacts. We’ve got big connections with  
these data buying collecting companies.

7           63. On a February 27, 2017 video posted to the official Saivian YouTube  
8 page, Evans stated: “Marketing partners give Saivian the money, we are the ones  
9 giving you cashback.”

10          64. On a June 21, 2017 video posted to Saivian’s Facebook membership  
11 group featuring Evans and a top Saivian Affiliate, in response to a hypothetical  
12 concern that “it seems too good to be true on the fact that I can pay \$125 and get  
13 back \$240 a month,” the Affiliate stated:

14           [I]t’s simple. We sell that information to big marketing companies, so  
15 they’re willing to do that for the information that we’re giving. That’s  
16 why they can give us that cash back and that’s it. Don’t go into, well,  
there’s a business opportunity tied to it and this works like this and you  
17 could make commissions. That’s not the question they’re asking. They’re  
asking you how we can afford to give them that \$250 back.

18           65. Contrary to these claims, neither Dalius nor Saivian generated any  
19 revenue from the sale of POS receipts. In fact, Saivian never had any marketing  
20 partners (or advertising partners) and never made any serious efforts to sell or  
21 otherwise monetize the data in its Cashback Members’ POS receipts.  
22

23           **B. Dalius, Evans, PRE, Saivian LLC and Saivian International**  
24           **Misrepresented That the Cashback Payments Were Funded by**  
              **the MAP Program**

25          66. In April 2016, prior to the launch of the MAP Program, Dalius  
26 responded indirectly (through Saivian’s then-Marketing Director) to a Cashback  
27 Member’s question about the source of revenue to pay cashback payments by  
28

1 falsely stating “[i]t’s all about third party advertising which is being officially rolled  
2 out through the MAP program.”

3 67. Subsequently, during a December 28, 2016 Saivian webinar posted to  
4 the official Saivian YouTube page, Evans misrepresented that MAP  
5 Memberships—which he claimed numbered 400 worldwide at the time—were fully  
6 funding cashback payments.

7 68. In reality, Saivian had sold very few MAP Memberships to retailers.  
8 Saivian was only able to pay earlier investors their investment returns with funds  
9 that Saivian obtained from later investors.

10 **C. The Misrepresentations Regarding the Source of Revenue to**  
11 **Satisfy Saivian’s Cashback Obligations Were Material**

12 69. The truth regarding Saivian’s revenue source to fund its cashback  
13 payments was material information to potential investors. Any prospective Saivian  
14 investor would have wanted to know that the promised cashback payments were  
15 almost entirely funded by Cashback Membership investments and not connected in  
16 any way to the sale of POS receipts, data, or targeted advertising.

17 70. Dalius, Evans, PRE, Saivian LLC and Saivian International knew, or  
18 were reckless in not knowing, that the statements were false and misleading when  
19 they were made.

20 **D. Dalius, PRE, Saivian LLC and Saivian International Initially**  
21 **Concealed Dalius’s Role in Saivian and Dalius, PRE, Saivian**  
22 **LLC and Saivian International Omitted to Disclose His**  
23 **Criminal Conviction After Dalius’s Role Was Revealed**

24 71. Dalius was indicted in the Eastern District of Pennsylvania in January  
25 2000 on mail fraud, wire fraud, and conspiracy charges in regards to a long distance  
26 phone card scam. *United States v. Dalius*, 2:00-cr-00026-FVA-1 (E.D. Pa).

27 72. The indictment alleged that Dalius and a co-defendant owned and  
28 promoted a corporation, Telecom Solutions, Inc. (“Telecom Solutions”), which

1 marketed long distance debt calling cards and “One Plus” long distance service for  
2 individual telephone lines through the use of a multi-level marketing scheme. As  
3 alleged in the indictment, debit calling cards are prepaid to the long distance  
4 company which supplies the calling cards. Credit calling cards are periodically  
5 billed after the calls are made.

6 73. Both Dalius and his co-defendant began to market the debit cards and  
7 accept money from customers before they contracted with any long distance carrier  
8 to supply the debit calling cards.

9 74. The Indictment alleged that throughout the course of the conspiracy,  
10 Dalius and his co-defendant diverted hundreds of thousands of dollars in company  
11 dollars to personal use.

12 75. On January 18, 2001, Dalius pled guilty to conspiracy to commit mail  
13 and wire fraud. He was sentenced to 12 months and 2 days imprisonment, 3 years  
14 of supervised release and restitution. *United States v. Dalius*, 2:00-cr-00026-FVA-  
15 1 (E.D. Pa) at Dkt. #17.

16 76. For the first year of Saivian’s existence, the full scale of Dalius’s  
17 involvement in the enterprise was not disclosed to investors. At Dalius’s  
18 instruction, Saivian identified a person with no actual authority over its operations  
19 or finances, as Saivian’s President. This figurehead President had no involvement  
20 in the management of the scheme and participated principally by (1) allowing  
21 himself to be identified on Saivian’s website as the “President” and (2) reading  
22 scripts that Dalius drafted for him on investor conference calls and at live events.  
23 Meanwhile, Dalius, the true mastermind of the scheme, was identified by Saivian  
24 (to the extent he was mentioned at all on marketing conference calls or videos) as  
25 the “lead consultant.”

26 77. When Dalius finally announced himself as the “new” Saivian President  
27 in October 2016, no mention was made of his role in creating and administering the  
28

1 scheme since its inception, nor was his past federal conviction in connection with a  
2 prior fraudulent scheme disclosed. Instead, Saivian introduced Dalius as if he were  
3 a new addition to the management team, and promoted Dalius' background, skills  
4 and prior success. His biography posted to the Saivian website stated that:

5 Eric is a marketing professional with a Bachelor's Degree in  
6 marketing from Penn State University. He has helped companies  
7 generate over \$150 Million since 1990 in his career. With a  
8 background in real estate investing and sales, he has directed those  
9 skills to primarily focus on providing consulting in the MLM or  
10 Network Mark[et]ing [sic] profession. He is now the President of  
the fastest growing network market company in the world,  
Saiv[i]an [sic] International!

11 78. Even after Dalius was introduced as President, and throughout the  
12 remainder of the scheme, Defendants never disclosed that he was a convicted felon,  
13 or that he created and exercised total control over the scheme from its inception.

14 79. The truth about Dalius's prior criminal conviction and the extent of his  
15 control over the Saivian enterprise was material information to Saivian investors.

16 **III. Dalius Repeatedly Refused to Answer Questions About the Illegal**  
17 **Scheme in His Investigative Testimony, Refused to Produce**  
18 **Subpoenaed Documents and Tried to Block Others from Doing So**

19 80. In investigative testimony before the SEC, Dalius refused to answer  
20 any substantive questions about the Saivian scheme on the grounds that his answers  
21 may incriminate him. Significantly, Dalius refused to answer whether he had  
22 spoken to witnesses that testified before the SEC in its Saivian investigation and  
23 refused to answer whether he had destroyed any documents that the SEC  
subpoenaed from him.

24 81. Dalius refused to produce records subpoenaed from him and Saivian  
25 LLC that reflect the magnitude of his fraud, particularly documents related to  
26 Defendants' sales to persons outside of the United States, and documents related to  
27  
28



1 Dalius's receipt and disposition of digital assets (primarily Bitcoin) through which  
2 he received a significant portion of Members' investments.

3 82. Dalius also fought to block the SEC's access to highly relevant  
4 records, including records that reflect the nature of the illegal scheme and his role in  
5 it. For example, he attempted to pressure a third-party vendor who maintained the  
6 database of the scheme's transactions from producing the database to the SEC.  
7 Ultimately, the effort to prevent the vendor from producing the database failed.

8 **IV. The Cashback Membership and Affiliate Program Constituted**  
9 **the Unregistered Sale of Securities**

10 83. Savian's Cashback Membership and Affiliate program are securities  
11 under federal law.

12 84. At the time of their sales to the investing public, Saivian had not  
13 registered either the Cashback Membership or Affiliate program with the  
14 Commission.

15 85. No exemption to registration applied to the sale of either type security.

16 **V. Dalius Has Dissipated And Is Continuing To Dissipate Millions**  
17 **Of Dollars Of Investors' Funds**

18 86. Between October 26, 2015 and September 1, 2017, Dalius and  
19 the Corporate Defendants collected millions of dollars from Saivian investors  
20 in the United States and abroad.

21 87. Throughout the course of the Saivian scheme, and in the ensuing  
22 months since its closure, Dalius comingled all of the funds obtained in the  
23 course of the Saivian scheme — irrespective of corporate entity and country  
24 of origin — with each other, and with his own personal funds.

25 88. Dalius used most of the Saivian victims' money to fund a lavish  
26 and luxurious lifestyle for himself and his family. Dalius used approximately  
27 75% of the \$10.7 million in revenue deposited in Saivian's domestic bank  
28 accounts for his own benefit, including transferring approximately \$4.2



1 million to his personal bank accounts, using approximately \$2.4 million to  
2 pay off credit card bills, and using approximately \$1.27 million to pay other  
3 assorted personal expenses.

4 89. In addition to the approximately \$10.7 million less refunds  
5 deposited directly into bank accounts by investors, Dalius converted enough  
6 Bitcoin received from investors to realize more than \$164 million, most of  
7 which went to his personal benefit.

8 90. For example, Dalius converted over \$36 million of Bitcoin that  
9 he collected from the Saivian scheme to purchase properties in California,  
10 New York, and Florida. These purchases included a \$16.5 million mansion  
11 in Miami Beach, and a \$10.3 million townhouse on the Upper East Side of  
12 Manhattan.

13 91. Dalius also converted \$39.5 million of Bitcoin that he collected  
14 from the Saivian scheme and transferred it to brokerage trading accounts he  
15 controlled to fund stock purchases.

16 92. And Dalius converted millions of dollars of Bitcoin that he  
17 collected from the Saivian scheme to fund private jet travel, luxury vacations,  
18 sporting and entertainment event tickets, and the purchase of an exotic  
19 automobile. Examples of these purchases included a new Lamborghini for  
20 almost half a million dollars, and more than \$181,000 for a five night  
21 vacation to the Bahamas to celebrate his daughter's 21st birthday—including  
22 premium hotel accommodations (2 and 3 bedroom penthouse suites),  
23 poolside cabanas, and charter jet transportation for seven passengers from  
24 Los Angeles.

25 **VI. Dalius Purchased Real Property Titled In The Names Of Relief**  
26 **Defendants With Misappropriated Investor Funds**

27 93. On or around January 13, 2017, Dalius purchased real property  
28 located at 1400 21st Street Manhattan Beach, California titled in the name of

1 Relief Defendant MB Homes LLC for \$3,225,000. Dalius consummated this  
2 purchase with Saivian investment funds received from Saivian investors in  
3 the form of Bitcoin. MB Homes LLC did not exchange anything of  
4 equivalent value for the funds it received from the Saivian scheme.

5 94. On or around July 31, 2017, Dalius purchased real property  
6 located at 1300 Highland Avenue, Unit 111, 112, 211 and 212, Manhattan  
7 Beach, California titled in the names of Relief Defendants 1300 Highland  
8 Unit 111 LLC, 1300 Highland Unit 112 LLC, 1300 Highland Unit 211 LLC,  
9 and 1300 Highland Unit 212 LLC, respectively, for \$2,325,000. Dalius  
10 consummated this purchase with Saivian investment funds received from  
11 Saivian investors in the form of Bitcoin. 1300 Highland Unit 111 LLC, 1300  
12 Highland Unit 112 LLC, 1300 Highland Unit 211 LLC, and 1300 Highland  
13 Unit 212 LLC did not exchange anything of equivalent value for the funds it  
14 received from the Saivian scheme.

15 95. On or around October 9, 2017, Dalius purchased real property  
16 located at 147 East 63rd Street, New York, New York titled in the name of  
17 Relief Defendant NYC Homes LLC for \$10,300,000. Dalius consummated  
18 this purchase with Saivian investment funds received from Saivian investors  
19 in the form of Bitcoin. NYC Homes LLC did not exchange anything of  
20 equivalent value for the funds it received from the Saivian scheme.

21  
22 **FIRST CAUSE OF ACTION**  
23 **EMPLOYED A DEVICE, SCHEME OR ARTIFICE TO DEFRAUD**  
24 **Violation of Section 17(a)(1) of the Securities Act [15 U.S.C. § 77q(a)(1)]**  
25 **(ALL DEFENDANTS)**

26 96. The Commission realleges and incorporates by reference the  
27 allegations contained in Paragraphs 1 through 95, above.

28 97. Defendants, by engaging in the conduct described above,  
directly or indirectly, in the offer or sale of securities, by the use of the means

1 or instruments of transportation or communication in interstate commerce or  
2 by use of the mails, with scienter, employed devices, schemes, or artifices to  
3 defraud.

4 98. By reason of the foregoing, Defendants, directly or indirectly  
5 violated, and unless enjoined will continue to violate, Sections 17(a)(1) of the  
6 Securities Act [15 U.S.C. § 77q(a)(1)].

7 **SECOND CAUSE OF ACTION**  
8 **OBTAINED MONEY OR PROPERTY BY MEANS OF UNTRUE**  
9 **STATEMENTS**

10 **Violation of Section 17(a)(2) of the Securities Act [15 U.S.C. § 77q(a)(1)]**  
11 **(DEFENDANTS DALIUS, EVANS, PRE, SAIVIAN LLC AND SAIVIAN**  
12 **INTERNATIONAL)**

13 99. The Commission realleges and incorporates by reference the  
14 allegations contained in Paragraphs 1 through 95, above.

15 100. Defendants Dalius, Evans, PRE, Saivian LLC and Saivian  
16 International, by engaging in the conduct described above, directly or  
17 indirectly, in the offer or sale of securities, by the use of the means or  
18 instruments of transportation or communication in interstate commerce or by  
19 use of the mails, with scienter, obtained money or property by means of  
20 untrue statements of material facts and omissions of material facts necessary  
21 to make the statement made not misleading.

22 101. By reason of the foregoing, Defendants Dalius, Evans, PRE,  
23 Saivian LLC and Saivian International, directly or indirectly violated, and  
24 unless enjoined will continue to violate, Sections 17(a)(2) of the Securities  
25 Act [15 U.S.C. § 77q(a)(2)].  
26  
27  
28

**THIRD CAUSE OF ACTION**  
**FRAUD IN THE OFFER OR SALE OF SECURITIES**  
**Violation of Section 17(a)(3) of the Securities Act [15 U.S.C. § 77q(a)(3)]**  
**(ALL DEFENDANTS)**

102. The Commission realleges and incorporates by reference the allegations contained in Paragraphs 1 through 95, above.

103. Defendants, by engaging in the conduct described above, directly and indirectly, in the offer and sale of securities, by the use of the means or instruments of transportation or communication in interstate commerce or by use of the mails, engaged in transactions, practices, or courses of business which operate or would operate as a fraud or deceit upon the purchaser.

104. By reason of the foregoing, Defendants, directly or indirectly, violated, and unless restrained and enjoined by this Court, will continue to violate, Section 17(a) (3) of the Securities Act [15 U.S.C. § 77q(a)(3)].

**FOURTH CAUSE OF ACTION**  
**FRAUD IN CONNECTION WITH THE PURCHASE OR SALE OF**  
**SECURITIES**  
**Violation of Section 10(b) of the Securities Act [15 U.S.C. § 78j(b)] and Rules**  
**10b-5(a) and (c) thereunder [17 C.F.R. § 240.10b-5(a) and (c)]**  
**(ALL DEFENDANTS)**

105. The Commission realleges and incorporates by reference the allegations contained in Paragraphs 1 through 95, above.

106. Defendants, by engaging in the conduct described above, directly or indirectly, by the use of means or instrumentalities of interstate commerce or use of the mails, in connection with the purchase or sale of securities, with scienter, employed devices, schemes, or artifices to defraud, or engaged in acts, practices, or courses of business that operated or would operate as a fraud and deceit upon other persons.



1                                   **SIXTH CAUSE OF ACTION**  
2                                   **CONTROL PERSON LIABILITY**  
3                                   **Violation of Sections 20(a) of Securities Exchange Act [15 U.S.C. §78t(a)]**  
4                                   **(DALIUS)**

5           112. The Commission realleges and incorporates by reference the  
6           allegations contained in Paragraphs 1 through 95, above.

7           113. Dalius, by engaging in the conduct described above, directly or  
8           indirectly controlled the Saivian entities liable under any provision of the  
9           Securities Exchange Act or regulation thereunder for the acts of their officers  
10          and employees who engaged in acts, practices, or courses of business that  
11          operated or would operate as a fraud and deceit upon other persons.

12          114. By reason of the foregoing, Dalius, violated, and unless  
13          restrained and enjoined will continue to violate, Section 20(a) of the  
14          Exchange Act [15 U.S.C. §78t(a)].

15                                   **SEVENTH CAUSE OF ACTION**  
16                                   **OFFER AND SALE OF UNREGISTERED SECURITIES**  
17                                   **Violation of Sections 5(a) and (c) of the Securities Act**  
18                                   **[15 U.S.C. § 77e(a) and (c)]**  
19                                   **(ALL DEFENDANTS)**

20          115. The Commission realleges and incorporates by reference the  
21          allegations contained in Paragraphs 1 through 95, above.

22          116. Defendants, by engaging in the conduct described above,  
23          directly or indirectly, through use of the means or instruments of  
24          transportation or communication in interstate commerce or the mails, offered  
25          to sell or sold securities or, directly or indirectly, carried such securities  
26          through the mails or in interstate commerce, for the purpose of sale or  
27          delivery after sale.

28          117. No registration statement has been filed with the Commission or  
has been in effect with respect to these securities.

118. By reason of the foregoing, Defendants, directly or indirectly violated, and unless enjoined will continue to violate, Sections 5(a) and (c) of the Securities Act [15 U.S.C. § 77e(a) and (c)].

**EIGHTH CAUSE OF ACTION  
DISGORGEMENT BY THE RELIEF DEFENDANTS  
(ALL RELIEF DEFENDANTS)**

119. The Commission realleges and incorporates by reference the allegations contained in Paragraphs 1 through 95, above.

120. The Commission does not allege that the Relief Defendants violated the federal securities laws. The Relief Defendants however received, directly or indirectly, funds or other property from one or more of the Defendants or from Saivian investors, which are either the proceeds of, or are traceable to the proceeds of, unlawful activities alleged in this Complaint to which the Relief Defendants have no legitimate claim.

121. By reason of the foregoing, it would be inequitable for the Relief Defendants to retain the proceeds from Defendants' violations of the federal securities laws and such proceeds should be disgorged.

**RELIEF REQUESTED**

WHEREFORE, the Commission respectfully requests that this Court:

**I.**

Issue findings of fact and conclusions of law that Defendants committed the violations charged herein.

**II.**

Issue in a form consistent with Rule 65(d) of the Federal Rules of Civil Procedure orders that temporarily, preliminarily and permanently enjoin Defendants and their officers, agents, servants, employees, attorneys, and accountants, and those persons in active concert or participation with any of them, who receive

1 actual notice of the order by personal service or otherwise, and each of them,

2 (1) from engaging in transactions, acts, practices, and courses of business  
3 described herein, and from engaging in conduct of similar purport and object in  
4 violation of Sections 17(a) and Sections 5(a) and (c) of the Securities Act, Section  
5 10(b) of the Exchange Act and Rule 10b-5(a) and (c) thereunder; and

6 (2) from offering, operating, or participating in any marketing or sales  
7 program in which a participant is compensated or promised compensation solely or  
8 primarily (a) for inducing another person to become a participant in the program, or  
9 (b) if such induced person induces another to become a participant in the program.

10 **III.**

11 Enter an order directing Defendants to disgorge all ill-gotten gains received  
12 during the period of violative conduct and pay prejudgment interest on such ill-  
13 gotten gains and directing Relief Defendants to disgorge all ill-gotten gains  
14 transferred to them without compensation.

15 **IV.**

16 Enter an order directing Defendants to pay civil money penalties pursuant to  
17 Section 20(d) of the Securities Act and Section 21(d)(3) of the Exchange Act.

18 **V.**

19 Retain jurisdiction of this action in accordance with the principles of equity  
20 and the Federal Rules of Civil Procedure in order to implement and carry out the  
21 terms of all orders and decrees that may be entered, or to entertain any suitable  
22 application or motion for additional relief within the jurisdiction of this Court.

23  
24 //

25 //

26 //

27 //

28



VI.

Grant such further relief as this Court deems just, appropriate, and necessary.

DATED October 3, 2019

Respectfully submitted,

/s/ Kenneth W. Donnelly

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Attorneys for the Plaintiff

Securities and Exchange Commission

**PROOF OF SERVICE**

I am over the age of 18 years and not a party to this action. My business address is:

U.S. SECURITIES AND EXCHANGE COMMISSION,  
100 F St., NE, Washington, DC 20549  
Telephone No. (202) 551-6426; Facsimile No. (202) 772-9245.

On October 3, 2019, I caused to be served the documents entitled **STIPULATION RE: SCHEDULE FOR AMENDMENT OF COMPLAINT** on all the parties to this action addressed as stated on the attached service list:

☐ **OFFICE MAIL:** By placing in sealed envelope(s), which I placed for collection and mailing today following ordinary business practices. I am readily familiar with this agency's practice for collection and processing of correspondence for mailing; such correspondence would be deposited with the U.S. Postal Service on the same day in the ordinary course of business.

☐ **PERSONAL DEPOSIT IN MAIL:** By placing in sealed envelope(s), which I personally deposited with the U.S. Postal Service. Each such envelope was deposited with the U.S. Postal Service at Washington, DC, with first class postage thereon fully prepaid.

☐ **EXPRESS U.S. MAIL:** Each such envelope was deposited in a facility regularly maintained at the U.S. Postal Service for receipt of Express Mail at Washington, DC with Express Mail postage paid.

☐ **HAND DELIVERY:** I caused to be hand delivered each such envelope to the office of the addressee as stated on the attached service list.

☒ **UNITED PARCEL SERVICE:** By placing in sealed envelope(s) designated by United Parcel Service ("UPS") with delivery fees paid or provided for, which I deposited in a facility regularly maintained by UPS or delivered to a UPS courier, at Washington, DC.

☐ **ELECTRONIC MAIL:** By transmitting the document by electronic mail to the electronic mail address as stated on the attached service list.

☒ **E-FILING:** By causing the document to be electronically filed via the Court's CM/ECF system, which effects electronic service on counsel who are registered with the CM/ECF system.

☐ **FAX:** By transmitting the document by facsimile transmission. The transmission was reported as complete and without error.

I declare under penalty of perjury that the foregoing is true and correct.

Date: October 3, 2019

/s/ Kenneth W. Donnelly

Kenneth W. Donnelly

*SEC v. Eric J. "E.J." Dalius, et al.*  
**United States District Court—Central District of California**  
**Case No. 2:18-cv-8497-CJC-E**

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